

## REGULAR MEETING OF THE WATER AND LIGHT COMMISSION

March 23, 2016

**Draft**

Commission President Allwardt called the Regular Meeting of the Water and Light Commission to order at 8:00 a.m., with Commissioners Roy Kordus, Don Merkes, and Dan Zelinski present on roll call. Also present were Melanie Krause, General Manager; Steve Grenell, Engineering Manager; William Menting, Electric Manager; Tim Gosz, Water Utility Manager; Kristin Hubertus, Finance Manager; Paula Maurer, Customer Services Manager; John Teale, Technical Services Engineer; Dave Christensen, Engineering Technician, and Dawn Lucier, Administrative and Accounting Assistant. Don Voogt, McMahon and Tom Karman, Schenck Associates, were also in attendance.

Item II. No one from the Gallery requested to be heard on any topic of public concern to the Utility.

Item III. Motion made by Comm. Kordus, seconded by Comm. Zelinski, was unanimous on roll call to approve the following:

- A. Minutes of the Regular Meeting of February 24, 2016
- B. Approve and warrant payments summarized by checks dated March 3-23, 2016, which includes Net Payroll Voucher Checks, Void O & M Check #047662, Operation and Maintenance Voucher Checks for a total of \$870,616.93, and Operation and Maintenance Vouchers and Rebates to be paid prior to the next Regular Meeting. Motion approved unanimously on roll call
- C. Correspondence as listed:
  - Copy of letter going to owners of properties located where the water main systems are being replaced for 2016 RE: Water Main Replacement.
  - Copy of email dated March 4 from the American Public Power Association RE: Entry to the American Public Power Association's 2015 Safety Awards of Excellence.
  - Copy of letter dated March 9 from the Public Service Commission RE: Authority to transfer two customers from Wisconsin Electric Power Company to the City of Menasha.
  - Copy of February 2016 MU Employee Newsletter
  - Copy of Letter dated February 29 from WPPI Energy RE: Long-Term Power Supply Contract.

Item IV. Claims Against The Utility – There were no claims discussed at this meeting.

Item V. Purchase Orders over \$10,000.00 issued since the last Commission meeting were presented for informational purposes.

With the presence of Don Voogt, McMahon, Commission President Allwardt advanced Item VII.B, Unidirectional Flushing Agreement, McMahon for discussion.

Item VII. New Business, Unidirectional Flushing Agreement, McMahon – The agreement from McMahon is for professional services to develop a Unidirectional Flushing program for the water distribution system in 2016. Scope of services includes assisting staff with laying out segments, flushing procedures, projecting flow rates, modeling system to simulate conditions during flushing, and assist with evaluating results.

The motion by Comm. Kordus, seconded by Comm. Zelinski, was unanimously approved on roll call to accept the agreement for professional services from McMahon for the 2016 Unidirectional Flushing program in the amount of \$9,000.

Mr. Voogt departed at 8:07 a.m.

With the presence of Tom Karman, Schenck Associates, Commission President Allwardt advanced Item VII.A, 2015 Audit for discussion.

2015 Audit – The Utilities received a clean opinion with no reported instances of non-compliance on its financial statements and ended the year with a positive net position.

The most significant changes on the Statement of Net Position were an increase in Cash and Investments and Restricted Cash and Investments which shows Menasha Utilities is generating cash reserves for future projects. Long Term Liabilities continue to be paid down and Unrestricted Net Position increased 1.1 million dollars. Changes on the statement include two new lines, Net Pension Asset and Pension Contributions. These were added in order to be in compliance of an accounting standard implementation that municipal pension plans include the proportionate share of any assets the plan has or any net liabilities the plan has. There are additional footnotes added to the audit that are related to the new pension plan standards.

On the Statement of Revenues, Operating Income has stayed relatively the same from 2014; the decreased Electric Operating Income was partially offset by increased Water Operating Income and lower Operating Expenses from the reduced number of main breaks in 2015.

Commissioner Merkes asked about refinancing the Capital Lease. General Manager Krause explained that staff is having discussions with WPPI and the PSC over the possibility of a cost neutral approach to refinancing due to the structuring of the original agreement.

The motion by Comm. Merkes, seconded by Comm. Kordus, was unanimous to accept the 2015 Audit.

Mr. Karman departed at 8:30 a.m.

Item VI. Unfinished Business, Lead Water Service Ordinance – A letter from the PSC showing support of the replacement of lead water service laterals was discussed. The PSC stands by its position that the property owner is responsible for the customer portion of the lateral and that no Utility funds may be used to subsidize the cost of the replacement or the costs of administering the program. Staff has been working with the City over possible options available

to customers, and letters have been sent out to owners of properties located where the water main systems are being replaced in 2016, regarding the advantages of replacing lead services and steps you can take to reduce lead in drinking water.

The Commission asked that staff continue to work with the city regarding lead service replacement.

Item VIII. Strategic Reports, Monthly Strategic Initiative Update – The February report was discussed.

February Financial and Project Status Reports – Electric consumption was 9.3% lower than budgeted for February due mainly to reduced industrial customers usage; Net Operating Income was higher than budget because of reduced cost of power charges; and additional capital projects are scheduled for 2016 which will reduce the reserve cash balances.

Water consumption was 2.4% higher than budget with the industrial customer increased usage offsetting the resale and residential customer reduction; Net Operating Income was higher than budget with all classes of expenses coming in under budget; and the Water Loss Ratio has come down and is within target range.

Fiber debt at year-end was \$448,000. In 2016 \$39,000 will be paid to principal and \$13,440 will be paid as interest leaving a year-end balance of \$409,000 for 2016.

The Commission asked for a mid-year update on the status of budgeted projects.

After discussion, the Commission accepted the February Financial and Project Status Reports as presented.

Project Reports, Water Plant projects – McMahon is working with Advance Construction over contract execution of the unidirectional boring for the 2016 Water Main Replacement Project; the new transfer switch has been installed and is operational; bidding for both the water tower painting and the pump station roofing will begin in April; and progress is being made on the Capital Improvement Plan.

Metering Practice & Plan – There are approximately 60 electric meters left that need to be changed to AMR; Chapman is scheduled in May; and the status of numerous Electric Distribution projects was discussed.

Item IX. No one from the Gallery requested to be heard on any topic of public concern to the Utility.

Item X. The motion by Comm. Merkes, seconded by Comm. Allwardt, was unanimously approved on roll call to convene into Closed Session pursuant to Section 19.85 (1) (e), of the Wisconsin Statutes for the purpose of deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever

competitive or bargaining reasons require a closed session, and (f) of the Wisconsin Statutes for the purpose of considering financial, medical, social or personal histories or disciplinary data of specific persons, preliminary consideration of specific personnel problems or the investigation of charges against specific persons except where par. (b) applies which, if discussed in public would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data, or involved in such problems or investigations regarding delinquent accounts at 9:29 a.m.

By: MARK L. ALLWARDT  
President

ROY KORDUS  
Secretary

NOTE: THESE MINUTES ARE NOT TO BE CONSIDERED OFFICIAL UNTIL ACTED UPON AT THE NEXT REGULAR MEETING, THEREFORE, ARE SUBJECT TO REVISION.